## STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC HEARING

FRIDAY, NOVEMBER 9, 2012

THE BOARD OF PAROLE HEARINGS
1515 K STREET
SACRAMENTO, CALIFORNIA

ORIGINAL

REPORTED BY:

ESTHER F. SCHWARTZ CSR NO. 1564

1	ATTENDEES
2	COMMITTEE MEMBERS:
3	RAY TRUJILLO, CHAIR
4	JEANNE WOODFORD
5	TIM VIRGA
6	STAFF:
7	CHARLES L. PATTILLO, EXECUTIVE OFFICER
8	SCOTT WALKER
9	ERIC RESLOCK
10	LEE DOREY
11	DEVIN FONG
12	PHYLLIS GUARE
13	COUNSEL:
14	JEFF SLY
15	PUBLIC SPEAKERS:
16	LEONARD GONZALES
17	ROY BORGERSEN
18	RICK DAVIS
19	JAMES MARTINEZ
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## Sacramento, California FRIDAY, NOVEMBER 9, 2012, 10:00 A.M.

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MEMBER TRUJILLO: I would like to remind everyone to turn your cell phones off or silent, please. If you need to use the restroom, the code is (intentionally deleted).

Good morning. I would like to call this public hearing meeting to order at 10:01. I am the hearing Chairperson, Ray Trujillo. With me here is Committee Member Jeanne Woodford. We are both members of the Prison Industry Board. Joining us to this committee is Mr. Tim Virga, Warden at California State Prison at Sacramento.

Thank you both for your service this morning.

Members of the audience, if you would like to testify, please fill out a speaker's request form located at the front table near to the door, which is to your left here.

And Board Secretary, Ms. Phyllis Guare, will
-- Board Secretary, would you please read the
legality of this hearing statement?

CHAIR TRUJILLO: Good morning, everybody.

This a legal hearing. The Prison Industry Board has met all of the requirements of Section 2808 (i) of

the California Penal Code. At least ten days prior to the hearing, notification was posted on the California Prison Authority website and mailed to potential vendors located in the geographic area of the subject enterprises, persons who requested notification of Prison Industry Board meetings, persons who have requested notification of public hearings, California Legislators, California Central Labor Councils and the Executive Secretary-Treasurer of the California Labor Federation.

CHAIR TRUJILLO: Thank you, Ms. Guare.

The California Prison Industry Authority is a self-supporting arm of the Department of Corrections and Rehabilitation and employs inmates in the production of goods and services that are sold only to government agencies.

This Board overseas CALPIA and is authorized to conduct public hearings under Penal Code Section 2808. The purpose of this hearing is to receive testimony from organizations or individuals that may be affected by the items being presented today.

The following is a brief description of the proceedings today. First, CALPIA will present the item to the Board for which they are seeking approval or for which they are seeking public input.

Then the public will have the opportunity to come up to the podium to present their support or concerns.

When you come to the podium, please identify yourself and your affiliation. Be specific with regard to your concerns. You may provide us with written information if you have not already done so. And the Committee Members may ask you to clarify questions.

If you are a vendor, the specific information that will be helpful to the Prison Industry Board is the products and/or services sold by your company to governmental agencies during the last three years, the dollar amount of the sales, the percentage of your company's total business which these sales represent, the purchase agency, and the number of individuals employed, including the number of ex-offenders employed.

This is the same information that was requested in the public notice and agenda of the hearing.

Now, Charles Pattillo, General Manager of the California Prison Industry Authority will present the items.

Mr. Pattillo.

MR. PATTILLO: Thank you, Mr. Chairman and

Members. My name is Charles Pattillo. I am the General Manager of the California Prison Industry Authority and Executive Officer of the Prison Industry Board.

We are here today to present three proposals to the Committee and to provide an opportunity for the public and stakeholders to offer testimony on the impacts of the proposals to the Committee.

These proposals, along with other CALPIA remedies and reductions to CALPIA civil service positions, both in Central Support and the field operations, will be brought before the Prison Industry Board on November 16th for consideration. Together these steps today and our future steps will reestablish profitability and give CALPIA a stronger base from which to grow in the future. But, honestly, they do harm to our mission to reduce recidivism.

Your recommendation on the three agenda items will inform the full Prison Industry Board when they meet to consider these as action items at the meeting of the Prison Industry Board on November 16th. The decision to present the proposals was not an easy one. CALPIA's mission is to provide as many productive work assignments and training for offenders as practical and possible.

However, under Penal Code 2801(c), CALPIA must pursue its mission within the context of maintaining self-sufficiency. Therefore, we cannot continue to finance programs where the benefits, like the savings that these programs accrue but do not accrue to CALPIA. Because of CALPIA's financial setbacks in Fiscal Year 2011-12, more focus needs to be directed at the profitability of each of our 26 enterprises, and we must curtail non-statutory activities that impact our bottom line profitability.

These steps are offered with great reluctance because, typically, CALPIA has enough profitability overall to allow some unprofitable enterprises to continue in a way that maximizes the available assignments for offenders. However, because of the size of the Fiscal Year 2011-12 deficit, we are obligated to make adjustments to both enterprises and training opportunities in order to follow the requirements of the Penal Code with respect to sustainability.

CALPIA is implementing many short-term remedies, including implementation of a hiring freeze and the cessation of those non-statutory activities that are within my immediate authority.

If the Committee has no questions, I will proceed with the first item. --

CHAIR TRUJILLO: Any questions?

Mr. PATTILLO: First item, number one, deactivation of the modular building Enterprise at Folsom State Prison. PIA proposes to deactivate the Modular Building Enterprise at Folsom State Prison due to the lack of revenue for modular buildings over the past 24 months and an absence of new orders in the immediate future.

CALPIA must reduce the fixed costs within the overall operations while retaining the ability to re-establish the Modular Building Enterprise if and when there is a resumption of demand for the product. The proposal will also result in a corresponding diminishment of Career Technical Educational programs hosted at FSP as three CTE programs operate within the Modular Building Enterprise - the iron workers, the laborers and the carpenters.

The MBE was established to manufacture modular buildings for the Department of Corrections and Rehabilitation and other government agencies based on space demand for medical, program and administrative purposes. The MBE provides

construction skills for assigned and inmate workers.

Currently, a CTE program was established with local trade unions to certify inmate workers who complete the required training curriculum. CDCR has provided financial support for individual CTE programs, but ceased funding in Fiscal Year 2011-12. The corresponding CTE programs have a recidivism rate of less than 10 percent. This program has the lowest recidivism rate of any program in the Department of Corrections in California with the only exception being the dive program which has a lower recidivism rate.

Demand for modular buildings had been declining since a high of \$25.3 million in Fiscal Year 2008-09 to a current year revenue estimate of zero. CALPIA has recorded a gross profit loss for the past two fiscal years. And with immediate action and/or revenue infusion CALPIA will incur a gross revenue loss of at least \$900,000 in the current year. The reduction in demand is primarily due to the CDCR's shift to large, non-modular construction projects, where previously construction funding constraints limited CDCR for the purchase and use of modular buildings, such as ours.

We have two current prototype modular

buildings - a telmedicine building we just installed in Pelican Bay State Prison and an emergency operations center that is in process of being installed at California State Prison-Sacramento at Camp 12. However, as of this date, we have not received any orders for purchase of these prototypes or any other modular models. These products themselves here were actually funded by an appropriation for the Prison Industry Board, a \$3,000,000 appropriation that we had. We are looking at funding. We may have funding for one more building that we looked at. We are looking at all the costs right now. So we may have one more building we can do.

exclusively at the Folsom MBE. But with decreasing sales and no current or anticipated revenue generating projects, it is not feasible to maintain profitability. The proposed deactivation of the MBE would have a positive financial impact on CALPIA since we increase overall gross profitability of CALPIA. And CALPIA would no longer subsidize its business with revenue derived from more profitable lines. Deactivation will necessitate canceling of three significant training contracts with local

trade unions for the purpose of the CTE program.

These costs have been CALPIA's direct expense when CDCR no longer provided funding in the amount of about \$810,000 a year for these three programs.

There is a total of 66 planned inmate assignments, that could grow to a hundred, that will be eliminated due to this action. Affected inmate workers may have the opportunity to apply for other assignments within CALPIA or CDCR. There are seven civil service positions that will be affected. Two are currently vacant. Affected employees will undergo a process in accordance with Cal HR rules and regulations, and CALPIA's Human Resources Unit's Protocol.

Consistent with civil service timelines, actual layoffs of persons unable to be placed in other CALPIA operations would not occur sooner than 120 days from when the PIB approves the deactivation. There is minimal impact to local economy from deactivation of this factory. Although there will be no negative or positive impact to modular building suppliers in the private sector, there will be significant impact to the vendors contracted to supply products for building our buildings. Most of those folks are in the local

area.

We are recommending the Committee make a recommendation to the full PIB to approve the deactivation of the Folsom MBE effective January 1, 2013. It is anticipated that these actions, associated with this item, will be completed by April 30th, 2013. Also, if we have a third building to build and given civil service requirements and timeline requirements as established by Cal HR, this approval, even on the 16th, would not preclude us from continuing operations. It would just allow us, if it comes to the point where we do have to shut down, that we have the approval to go ahead. Especially if we receive orders after the deactivation is given.

Happy to answer any questions?

CHAIR TRUJILLO: Any questions from the Committee?

MEMBER WOODFORD: Chuck, on the emergency operations building, when will that be done?

MR. PATTILLO: It's done now. Actually, we are getting it skidded up the hill, up to Camp 12.

MR. WALKER: They're going to put it on the foundation on the 14th, and will take about 30 days after that to complete.

MR. PATTILLO: That was Scott Walker from operations.

So in a couple of weeks we'll have that one on the ground. And we're also having it cross-designated as a Homeland Security training unit. So there could be business that comes out of this. The problem, while we're doing this now, if we don't have any business, we sit for four months; and I think from what you saw last year in cancellation of fourth quarter from CDCR and us holding a factory vacant for 90 days cost us millions. That's why we're looking at it this way.

MEMBER WOODFORD: Is there interest in the emergency operation?

MR. PATTILLO: I think there is more interest in the emergency operation center than the telemedicine facility. I'm kind of disappointed that CDCR hasn't picked up on the telemedicine facility because it is such an easy facility. Just drop it in the ground and go. We're hoping. We are out there marketing it.

CHAIR TRUJILLO: Couple questions, Mr. Pattillo.

How has CALPIA modular buildings worked for the customers?

MR. PATTILLO: I think they worked great. 1 2 I don't think we've had -- we put about a hundred 3 thousand --4 How many total units did we put up? 5 MR. WALKER: Oh, God. When you talk units, 6 we probably --Scott Walker, Assistant General Manager 8 Operations, Esther. 9 We probably put in over a hundred individual buildings, over couple hundred thousand square feet 10 11 out there. 12 MR. PATTILLO: We've gotten three service 13 calls. That's pretty darn good. That's something. These things are so well-built. And they have a 14 15 30-year life span. Every customer that we have had has been very happy with them. The customers are 16 17 very happy with them. 18 CHAIR TRUJILLO: I actually was able to go out there and see them. They are pretty good 19 20 quality. 21 The second question I have, Mr. Pattillo: Has 22 CDCR provided feedback evaluating the modular 23 building as to whether they fit their needs? Did

MR. PATTILLO: At the Secretary's request

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they have an evaluation?

about a year ago they prepared an evaluation of the 1 2 buildings. And this was the planning and construction side, and they -- they submitted an 3 4 evaluation that I don't necessarily agree with their evaluation of it. It wasn't from a user position. 5 6 They do have an evaluation they have submitted. If you would like that --8 CHAIR TRUJILLO: Did you respond to them? 9 MR. PATTILLO: I wrote a response to it. I can provide the Committee with both my response and 10 11 the evaluation. 12 CHAIR TRUJILLO: I would like that, to see 13 the response. 14 For the two gentlemen who just walked in, if 15 you have a cell phone, please silence it. And the 16 other thing, if you need, the restroom is down the 17 hall, right across from the elevators, and it is (internationally deleted) star to get in. 18 19 Mr. Pattillo, will you go on with second item? 20 MR. PATTILLO: Number two. 21 CHAIR TRUJILLO: Any other questions? WARDEN VIRGA: I am familiar with the 22 23 modular. MR. PATTILLO: You want to call for public 24

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testimony, Mr. Trujillo?

CHAIR TRUJILLO: Is there any public testimony on the deactivation of the Modular Building Enterprises?

If you care to speak, you need to fill out a speaker's card which is right there. And you come to the mike.

MS. GUARE: He wrote that he would like to speak about number three.

CHAIR TRUJILLO: You can speak now or after everything is over, but you do need to fill out a speaker's card.

Okay, Mr. Pattillo, Item 2.

MR. PATTILLO: Mr. Chair, Members, Item No. 2 is diminishment of the Construction Services and Facilities Maintenance Enterprise at Folsom State Prison. CSFM is what we call statewide operation that we stand up at locations throughout the state when we need construction services.

PIA proposes the diminishment of the Construction Services and Facilities Maintenance Enterprise at FSP. The Folsom CSFM has failed to achieve forecasted revenue in both the Fiscal Year '10-11 and '11-12 as demand for these services at FSP and the surrounding area has not materialized.

As a result, we've not been profitable for the

last two years. We will continue to operate a CSFM enterprise at California State Prison-Solano, where we have a different kind of CSFM, where we do facilities maintenance inside the facility, rather than outside construction. We will maintain one construction supervisor within the CSFM in both Northern and Southern California to facilitate future construction services internal to PIA.

The CSFM Enterprise was established to service both internal PIA and external tax ordered customers such as CDCR, Department of Parks and Rec, CalExpo. Statewide revenues were projected at \$6,000,000 annually once fully operational. The forecasted revenue for CSFM has not materialized primarily due to a reduction in the California budget that led to fewer construction projects, and, therefore, reduced opportunity for CSFM Enterprise to generate revenue, including reduction in the demand for CALPIA modular buildings. CSFM used to be the installer of modular buildings, also. This has caused Folsom to be unprofitable at the gross level for the past two years.

The CSFM at CSP-Solano has proven successful. The Solano facility provides facilities maintenance for the California Medical Facility. This model

will continue to operate, and it is anticipated to expand to the new Stockton Medical Facility in 2013.

The current year, for '12-13, we have projects at CMC for contract services with the Department of Military to assist in the renovation of their Camp Roberts facility, which may provide another future location for a full CSFM Enterprise.

Given the constrictions being experienced by CALPIA's potential customer base for this Folsom CSFM, which is primarily construction support services, it is unlikely to be viable in the foreseeable future. Rather than utilize CSFM for various construction and maintenance projects at FSP and Warden Virga's prison, CDCR has instead elected to use their Inmate Ward Labor Program. Based on the two-year trend, it appears unlikely that sufficient revenue can be secured to allow Folsom to operate at a gross profit.

The financial summary that is in your binder presents a compelling case that the Folsom CSFM is unable to operate cost effectively. The COGS have repeatedly exceeded total revenues for the last two years, and it appears that the trend will continue.

Most of the jobs that we've been working on the last couple years has mostly been demonstration

projects. We've been doing a lot at CalExpo. We've got them on line so they can open the State Fair,

Parks and Recreation. Things like that, but they were ones where they were just covering the cost of materials.

Was it profitable overall? I would say it was profitable for the Department of Corrections, but every one of those guys who went through the program never came back. You save yourself about \$45,000 on each one of those goes out. So overall was it profitable? Yes, but not for CALPIA.

There is a total of 33 planned inmate assignments that will be eliminated due to this action. These inmates participate in or are graduates of the Carpenters, Laborers and Iron Workers Career Technical Education Program.

Affected inmate workers may have the opportunity to apply for other CALPIA assignments. It was anticipated that if we could have kept this running, we would have transferred this program to utilizing an all female inmate staff, where the new Folsom women facility is opening up there, and we would have been able to transfer these jobs over to that. There is, as Mr. Trujillo knows and a few other folks in the room, the biggest demand in

construction now is for females in the trades.

Especially in the carpenters there is huge demand.

There is six civil service positions statewide that will be affected. One's currently vacant. Affected employees go through the normal Cal HR process and our process, which is 120 days. This would incur 120 days after approval by the Board. We do seek to place everybody in a position if we can find them, whether it is with us or CDCR. Minimum impact to the economy with the exception of the purchase of raw materials. And as you can see, the cost of goods sold, it's a real cost of raw materials throughout the state.

Any questions?

CHAIR TRUJILLO: Any questions from the Committee Members?

WARDEN VIRGA: No.

CHAIR TRUJILLO: I have a couple questions, Mr. Pattillo.

CalExpo is one of the first customers to CSFM Enterprise. Did the CSFM suit their needs?

MR. PATTILLO: We rocked that place. They
-- and I apologize. We should have had the General
Manager of CalExpo. I will make sure he comes to
the public hearing. Because if it wasn't for us,

1 that place would never have looked like it looked 2 last year. Cleaned that place up. We did more 3 maintenance, and we opened buildings that they 4 couldn't have opened because they didn't have the 5 financing for it. We definitely served their 6 needs. CHAIR TRUJILLO: Excellent. 8 How much work has CSFM performed for CDCR? 9 MR. WALKER: We did some over in CPS-Sac, putting in kitchen floors over there. It's been 10 11 pretty minimal. 12 WARDEN VIRGA: Shower floors. 13 MR. PATTILLO: Very minimal. 14 CHAIR TRUJILLO: You did perform some work? 15 MR. PATTILLO: A little bit of work. 16 CHAIR TRUJILLO: Follow-up. What work 17 could the CSFM do for CDCR? What could you do for 18 them that you are not doing now? 19 MR. PATTILLO: There's nothing we can't 20 do. 21 CHAIR TRUJILLO: I like that answer. 22 MR. PATTILLO: I'm very frank about this, 23 Mr. Trujillo. This crew can do lead and asbestos

abatement. They can do general construction. There

is nothing this crew cannot do. And, you know, I

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think it is a shame that we've got this resource out here that we are going to other sources when we have inmates that are sitting idle that could be learning construction skills and staying out of prison. And it is a double win for the Department. It decreases their expenditure for the facility maintenance and increases their general fund cost for incarceration.

MEMBER WOODFORD: That is my question. I know the Department of Corrections and Rehabilitation just came out with their recidivism study showing that they improved. And it is because of programs like this.

What is the hesitancy of the Department not to expand these programs when they're so successful?

Clearly, CSFM must be happy with the program.

MR. PATTILLO: We are ecstatic with the program. That is one of the programs we kind of tweaked a little bit. We're doing true facility maintenance versus doing the construction. On the CSFM side, where we're having problems on the construction side, I think they've got a construction system that's already running that they're comfortable with. But, as I said before, we need the ability to bid on those jobs. Mr. Trujillo knows what I'm talking about. Even jobs that are

going IWL, we should be allowed to bid on those because I think that I can beat those jobs hands down.

Warden Virga, you know the dollars you spend on those jobs. You know how cheap we are. There's a reason why we're doing jobs inside there. It's an interdepartmental thing that needs to be worked out.

MEMBER WOODFORD: Chuck, I am not sure that this is the right question, but let me ask it anyway. Before the Board meeting is there -- how can we understand from the Department of Corrections why they are not expanding this program?

MR. PATTILLO: Well, I think they are starting to expand their programs. Part of the blueprint they have, they have significant carpentry programs that they are doing. But carpentry programs where you have 27 guys building houses out of popcsicle sticks inside a classroom versus the model we've developed where we're out actually doing something is light years and spectrums apart.

MEMBER WOODFORD: I totally understand that. Before the Board meeting is there -- do we need a subcommittee? Is there something else we can be doing to truly understand the disconnect between the success of these programs and the lack of

1 expansion by the Department of Corrections? 2 MR. PATTILLO: I think it is probably 3 something that you have to have a discussion with 4 the Department when the chair is here. MEMBER WOODFORD: Sadly, I'm not going to be at the next Board meeting. It was changed, and I 6 have to be out of state. I'm really a little 8 frustrated by the fact that we have such successful programs and we haven't figured out how to have that 10 kind of discussion, I guess. 11 MR. PATTILLO: We have had some 12 discussions, and when we talk about number three, we 13 can get into a little more discussion that we have 14 had. 15 MEMBER WOODFORD: Thank you. 16 CHAIR TRUJILLO: Any others questions? 17 WARDEN VIRGA: No. 18 CHAIR TRUJILLO: Thank you, Mr. Pattillo. 19 For the record, the testimony pro or con for Item 1 is going to be discussed at the end of Item 3 20 21 and Item 2 also and Item 3, there will be public 22 testimony for and against. 23 Item No. 3, Mr. Pattillo. MR. PATTILLO: Thank you, Mr. Chair. 24 25 Number three is diminishment of the -- actual

diminishment of the Career Technical Education

Programs statewide. This is our CTE Programs. The

CTE Programs are something that we came up with at

CALPIA in 2006. We're the first in the United

States. We are the first in CDCR and we are the

most successful in the United States with this

program.

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We are proposing to diminish the remaining five Career Technical Educational Programs in the state. Programs that are currently operating at the three correctional institutions due to our inability to self-fund these programs out of our profit. At one time we did have up to eight programs. Five programs we are speaking of now are carpentry at Folsom State Prison, carpentry at California Institution for Women, construction labor at FSP, ironworking at FSP, and the Leonard Greenstone Marine Technology Center at the California Institution for Men. Four out of five of these programs would be women's programs that we're talking about deactivating, because the ones at Folsom were slated to be shifted from male to female December 1.

The CALPIA CTE Program established in 2006 was the first if its kind in the nation to partner an

offender rehabilitation program with trade unions to serve the rehabilitative needs of offenders.

I tell you this program couldn't have gotten off the ground without the help from Ray Trujillo and Curtis Kelly, folks that explained to the union what the benefit of these programs were. So I really appreciate you guys stepping up.

The CTE Program provides a well-trained labor force with respective trades in which certification was received. A primary concept for CTE was the construction trade and carpentry. Each of the program's success was enhanced with the ability to partner with the union and non-union companies to employ the trained offenders upon parole. The overall recidivism rate for this program for the recorded Fiscal Years - you have that report in your Board binder - 2007-8 to 2010-11 is 7.13 percent. There is no program within California or the United States that has a lower recidivism rate than that.

The first CALPIA CTE Program consisted of a carpentry training program at Camp 12, California State Prison-Sacramento where we renovated a once dilapidated - and I don't even know how to describe it. Warden Virga, what did it look like when we got it? - to a premier training center which will now

host the Emergency Operations Center.

The program included a training agreement between the Northern California Carpenters and CALPIA to train basic carpentry skills that would enable them to join the Carpenters Union as pre-apprentices. The program was hugely successful and expanded to include the Laborers Union at CSP-Sacramento and then the MTTC at CIM, as well as the Laborers and Ironworkers. The three programs were funded by CALPIA, and at that time recorded a recidivism rate when we first got them going of less than 10 percent.

In 2007, CALPIA entered into a three-year, \$9.258 million contract with CDCR to fund the three existing CALPIA CTE Programs and expanded to eight by adding programs at CIW, carpentry, Central California Women's Facility at Chowchilla, and three programs at FSP - the carpentry, labor and ironworkers. The three programs at FSP were operated underneath the Modular Building Enterprise.

Program participants engaged in projects that renovated existing usable buildings in correctional institutions, but also participated in the installation of various modular buildings fabricated by CALPIA and the maintenance of other state assets

such as state parks, CalExpo, water storage facilities as well as local government projects. The projects saved the State millions, and the savings were amplified because the participating offenders were employed upon parole. That's the big kick here; we've got the connection to the outside, and we have credibility.

The CTE Program was also used to renovate and repurpose the aforementioned CDCR Vocational Diving Program at CIM. The program is currently operated by CALPIA as the Leonard Greenstone Marine Technology Training Center and trains commercial divers and welders who parole to high paying jobs in the commercial diving industry. The program boasts the lowest recidivism rate of any CTE Program in CALPIA, as well as any program in the United States.

Due to budget constraints, CDCR's contractual agreement to support the CTE program was reduced by half after the second year of the contract, and then the contribution was further reduced to \$800,000 after the third year. CALPIA partially funded the CTE program in '11-12, and is solely funding a much reduced CTE Program in '12-13. CALPIA's funding restriction does not allow for further sole funding of this program.

Given the current budget constrictions, CALPIA can no longer solely support this program. However, our current annual plan was approved by this Board for \$1,067,000 for the program in current year.

That program -- don't want to skip ahead here.

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The proposed diminishment of the CTE Program would have a positive financial impact on CALPIA as this would be a reduction in administrative expenses that are not related to the cost of goods sold. The diminishment would increase general fund costs to the CDCR as inmates trained in this program have such a remarkably lower recidivism rate than that of the general population, and a diminishment will result in the increase in incarceration rates. There will also be a loss in general fund savings as a majority of these inmates are used to perform deferred maintenance activities, activities which will now continue to be deferred or be accomplished using contractors or civil service employees at a much higher cost. And the recidivism savings from this program will be lost.

We are currently operating 150 inmate assignments that will be eliminated. The assignments represent the number of positions budgeted for this program. CIM has 40. FSP has 80,

and CIW has 30. Affected inmate workers will have an opportunity to apply for other assignments within CALPIA or CDCR.

The impact on recidivism. Approximately 150 inmates are served by this unique and proven program. Given the lower recidivism rate of 7.13 that this program has produced compared to the recidivism rate of the general population, which just came out at 63.7, it is estimated that this program saves the general fund at least \$3.8 million per year in reduced recidivism, which is \$2.8 million more than the cost of the program.

There is one civil service position that will be affected under CTE. CTE is run with very low civil service. We are contracting with most of the labor unions to do this. We have one civil service, an office assistant down at the dive program. That affected employee will undergo the normal process in accordance with the California Department of Human Resources rules and regulations and CALPIA's HR process. The CTE's program primary expense beyond the one civil service position is contracts with associated training councils and apprenticeship programs for their services. There are four contracts budgeted for '12-13 that will be

eliminated for a total of \$999,000.

The great investment. A million dollars up from 3.8 million in savings. Unfortunately that 3.8 million doesn't accrue to our bottom line.

Any questions?

CHAIR TRUJILLO: Any questions from the Committee?

warden virga: All I have to say is you're right about the impact on the recidivism, and you're right about the impact to the institution in terms of your programs up there have been very good for both CSFM and at Folsom. So it is going to have an impact on jobs for our minimum support inmates as well.

MEMBER WOODFORD: And I think as Warden
Virga would testify to as well, these programs
really have an impact on the morale and culture of
the prison because the staff are proud of these
programs. Not only do they reduce recidivism, which
is a saving to the State, I just really hope that we
can really figure out how to work with the
Department to keep these programs up and running.
And, hopefully, there will be a lot of discussions
about that at the next Board meeting. Having been
at San Quentin for as long as I was, I know how you

just can't overstate how valuable these programs are to a prison.

CHAIR TRUJILLO: I have a couple questions, Mr. Pattillo. I think I know the answer to these, but for the record I would like you to speak on them.

Have you had any discussions with CDCR about funding the Career Technical Education Programs?

MR. PATTILLO: We actually had our latest discussion --

MR. WALKER: Last Friday.

MR. PATTILLO: -- last Friday or Thursday.

Our last discussion was kind of a last ditch effort to pull some funding for these programs.

CHAIR TRUJILLO: Has CDCR provided reasons for not committing the funding for the Career Technical Education Program?

MR. WALKER: The reasons stated by CDCR on Friday was that the program staff at CDCR did not think that the programs were of value.

CHAIR TRUJILLO: Excuse me.

MR. WALKER: We are just as shocked when they came out. There was further clarification that they discontinued them because they didn't see the value of the program.

CHAIR TRUJILLO: Have they been to the site and seen some of the programs that are being conducted out there? How can they make a statement like that unless they've seen it?

MR. PATTILLO: I think we've done a pretty good three-year study. We're going to release that to the Board in less than ten days. We're kind of flabbergasted, to say the least.

CHAIR TRUJILLO: The last question: Were you aware of any other any rehabilitating programs that could at least partially offset them, the costs of them, generating its own revenue, any other programs?

MR. PATTILLO: There is no program as successful as this in the state, in the country.

CHAIR TRUJILLO: Ms. Woodford.

MEMBER WOODFORD: Given that the Department will soon be selecting a new Secretary -- and my hat's off to Matt Cate; he's done an amazing job.

Do you think we should postpone this one until we have a new Secretary and have an opportunity to state a case?

MR. PATTILLO: This is something to discuss. The problem we're having is that this is draining our resources by funding this program that

is increasing their resources. That is how I look at. We're spending money to increase the recidivism rate of the Department, which is generating general fund savings that they could very easily shift to us to fund these program. This truly is a program where \$1 in gets you \$4 back, so why aren't we putting \$10,000,000 into this?

MEMBER WOODFORD: Exactly. For me this a program that I think we need to give the Department an opportunity when there is a new Secretary, which is right around the corner. I think if you take these programs down, particularly the diving program, it's so hard to get back up, two.

Three, I think that they're so important that we need to advocate even if we have to go outside the Department of Corrections. I'm willing to do that because it's just ridiculous to end a program like this.

MR. PATTILLO: I absolutely agree. As we spoke with all the Board Members, we had to get this all on the record. We had to have a full discussion with the Board. We did. And if at the next Board meeting they want to put it over for the time being. We may not know who our Secretary is for a while. But it had to be on the record. We have literally,

as of last Friday, exhausted at our level our appeals for funding for this program.

CHAIR TRUJILLO: That is an excellent question, by the way.

MR. PATTILLO: If the Board Members agree, also remember that I proposed legislation that would give us a general fund appropriation based on how well we did, and that kind of just didn't get too far.

MEMBER WOODFORD: In fact I'm attending a meeting that Senator Leno is holding on the kinds of programs that should be in place. I think that we have legislators interested in these kinds of programs where you get to continue if you show success, and this is one of them. So I think this is the right year for that kind of legislation. I hope that the Board - I'm sad that I won't be at the next meeting - will hold off on any decision that we have until we have an opportunity to regroup.

MR. PATTILLO: You guys do have a three-year study. That was why we continued the funding, so we could complete that study.

Warden Virga, I will get you a copy of it.

Lays it out very easily on what the savings were.

When you start adding in savings we have for doing

deferred maintenance that would never be done, the savings are extrapolated immensely.

CHAIR TRUJILLO: We have excellent programs. I would be in favor of our legislators going out and taking a look to see what we are doing with these inmates.

And the other thing I want to say, these are not jobs that we are offering. They are careers.

Any other comments?

Thank you, Mr. Pattillo, for your report.

At this time we will go back to Item No. 1, the Modular Building Enterprise at Folsom State Prison. We have a speaker, Mr. Leonard Gonzales. If you would like to come up to the mike here and identify yourself and what organization you are with, your comments, sir.

MR. GONZALES: Leonard Gonzales, Executive Director for the Laborers' Training and Retraining Trust Fund for Northern California. I actually want to speak on 3(A). I don't know if that is okay.

CHAIR TRUJILLO: That is fine.

MR. GONZALES: I want to state that, first off, I want to thank you, Chairman, and the Members of the Board for allowing -- for having this session and allowing us to come forward and speak on

behalf and definitely as an advocate of CALPIA and the programs that are administered there at Folsom. Our involvement and many of the other crafts that are there as well.

Ray Borgersen who is an instructor there for us is here as well. From an administrative standpoint this is a great opportunity for us as a union to develop individuals to come into the laborers and our craft. Roy does an outstanding job presenting that curriculum and working with the trainees there on-site. And, you know, our union has embraced this program. In particular, our business manager for Local 185, Doyle Radford, is a huge advocate. He's also on our Board of Trustees, one of my bosses, and he continues to also advocate for the program and update other members of the board in regards to this program and where we are at.

I think one thing to keep in mind as you're going through and when you look at programs that are entrenched in CDCR and some of the penitentiaries, when you look at the money that the Department of Labor threw out the entry programs over the past two, three years, and what are the success rates of those programs and where do these trainees end up

once they enter into their communities? And as Mr. Pattillo says, I can almost guarantee you that not one is going to have the results that this program has. Even come close to it.

There were billions of dollars that were thrown at this by the Department of Justice site. I know, because prior to coming to the Laborers, I actually worked for them as an employee. I submitted a grant to DOJ for an offender grant, which I received. I then actually participated in trying to implement a program very similar to this in Chowchilla, Pleasant Valley, Avenal, and Corcoran. It was very difficult do get off the ground. Those program results were nowhere near. And I was the director of that. I was the one who submitted a grant in collaboration with Fresno Career Development in Fresno.

Over the four years -- I just brought some statistics just from a laborer's standpoint with our craft and apprentices. Since we've been involved, we've taken in 42 apprentices out of approximately -- I was talking to Roy today. He doesn't have the numbers, but I am sure Mr. Pattillo does.

Approximately 100, 125 individuals we have trained over the course of our involvement; 42 apprentices

have come in. Of those 42 apprentices, 24 we took in in the years 2008 and 2009. And we are a 3,600-hour apprenticeship program.

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If you did the math and look at it, right now is when they should be graduating. Of those 42, 24 came in during that period. Eight have actually graduated and journeyed out, and the others are still working towards their hours. That is 27 percent of the individuals that we took in of the 42, and 33 percent of the 24 in just those two years alone have already graduated and journeyed out as laborers and are working. That is quite a success rate. I think that is something that, Member Woodford, as you said or Chairman Trujillo, we are building careers. This is a career ladder. You can start as an apprentice as you can with the ironworkers and carpenters. You can start out as an apprentice. You can develop a career in this industry. In our case, you know, you have 20 years and then you retire. Where else can you put in hours, for us 400 hours, and draw your full benefit package for you, yourself and your family? After 1,201 hours, where else can you work and start contributing to your pension and retire within 20 years?

We see this as a huge asset for the Laborers in developing a workforce, developing good members, quality employees, and a quality workforce for our signatory contractors. We hope that through this Board and with Mr. Pattillo's help, if you are in need of us to come forward and even present to CDCR, we'd be happy to.

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So we thank you for that opportunity. think, as Member Woodford mentioned, what is it, what is preventing CDCR from recognizing this program? My own opinion from some of my own involvement, I think we have programs like SARDUS [phonetic], substance abuse. We have Phoenix programs throughout various penitentiaries. I think they have to realize that you have to have wraparound services. Granted, those programs are very valuable, indeed, but do they lead to employment? Because, let's face it, poverty and money is what contributes to some of these things. So as you're going through re-entry, you have to have transitional housing. You have to have the substance training. Roy will testify today and give you testimony of individuals who have come to us, gone out to the field, and this is only for Northern California. That is one thing I would like to point

out. We also have our Southern California District Council. I wasn't able to pull their data, what their data is. We have individuals that go back to Southern California. We have individuals that may not show up on-site because they didn't go through re-entry, drugs or substance abuse and demons come back. They don't make the job site.

But we thank you for the opportunity, and we hope for continued success. Thank you.

CHAIR TRUJILLO: Any questions for Mr. Gonzales?

MEMBER WOODFORD: Excellent presentation.

CHAIR TRUJILLO: Thank you, Mr. Gonzales.

Our next speaker is Mr. Borgersen. Did I pronounce that right?

MR. BORGERSEN: Yes, sir.

Good morning. Roy Borgersen, Local 185

Laborers. I'm also a vocational instructor at Camp

12. Speaking on behalf of the program we have there.

It would be a shame to have a program like that fail. I mean, as he just shared, there is so many people out there that graduated from our program that they're living a dream. They're returning to the work corps. You know, they're just

productive members of society because of this program. Terry Shupe is not here today. He's a carpenter I work with. And he and I both work at Camp 12. We're the ones that kind of renovated that camp up there from rattlesnakes to what it is right now.

What I like about this program is personally back in 1967 I was YA number, and I went to Department of Corrections. I stayed there 40 years. I can remember they had weights back then. And it was always, "What are you going to do when you get out?" Half the people don't know what they're going to do when they get out because they didn't have a program. This program here offers individuals opportunities to do something differently. Me, I was lucky; my father was a concrete contractor, so I always had a job when I left.

But this program is so dynamite because I know what it is like to work in these guys' shoes. You know, they work together and the politics are gone. Where they are working as a team to get a job done. That is the difference that they have to do when the get out on the streets and work. Like he was testifying, half these guys, when they get out, the demons and substance abuses get them. Starts with a

quart bottle of beer. They are right back. If they do go back and they get out and a light finally goes on, they have the training to fall back on. And this is what we are teaching them out there.

It would be a shame to see this program shut down. Thank you.

CHAIR TRUJILLO: Any questions for Mr. Borgersen?

Thank you, Mr. Borgersen.

Our next speaker is Rick Davis.

MR. DAVIS: My name is Rick Davis. I am a business manager for the Ironworkers Local 118. I cover from Ceres to the Oregon Border, Vacaville to the Elko County line.

I first got involved with this program when I was apprenticeship core leader for the Ironworkers. I have dealt with the prison industry for the past 17 years with the IDL, which is now IWL. And the success that we've had with the people that come from this program is better than anything else I have ever dealt with. Granted, it is a tough trade. I don't care where you come from, we are going to lose nine out of the ten people. The people that have come from PIA are some of the best. They have a good idea what they're getting into.

My instructor here worked for me when I was a coordinator. Does an excellent job. They know what they're going to get into when you step into that rod path or get up on the structural steel. And they come out with certifications that most organizations, even the military, and I'm a veteran and I came out with a lot of certifications, but I didn't have the certs that these kids have, these men have. And it is an advantage.

And so I can't say that word that you're talking about, recidivism. I call them boomerangs. I knew the IDL, granted, that is a good program, but this here, we have less boomerangs then we have in any other program.

Thank you.

CHAIR TRUJILLO: Any questions from the Committee?

MEMBER WOODFORD: Thank you so much for showing up.

CHAIR TRUJILLO: Thank you, Mr. Davis.

As an ironworker, I will explain what Mr. Davis is talking about when he said rod paths. That is reinforcing rebar. That is ironworker talk, rod paths.

Next speaker, James Martinez.

MR. MARTINEZ: Thank you for your time. Just a little background on me so you know where I'm coming from. I got into the ironworkers right after I graduated high school. I have been a member of 118 for 31 years. Now, during that time I managed to get my Associate's Degree from American River College. My Bachelor's from UC Davis. I've been an ironworker instructor with the apprenticeship program for six years. Chuck and Scott allowed me the opportunity three and a half years ago to become part of the CTE program. My continuing education, I will be getting another Bachelor's Degree in job safety, and so I understand the value of training and certification. And the Ironworkers International in the U.S. and Canada, that is the backbone of what we do. Training, education.

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I know a lot of what you look at are numbers. They are important. But what I see is the people. And this program is changing lives of individual and not just for them, but for their families. And career, that's huge. Maybe for the first time in their lives they actually have something that is viable and tangible, not for themselves but to take care of their wives and children. They'd be out there. They go to work. They have health coverage

and retirement annuity. Then they belong to a brotherhood, and you got a lot of guys coming out of gangs. And they have a certain thing about belonging. And we give them a very valuable place to go to, where they have a lot of support.

The program really does change lives. Many times I had family members - wives, brothers, sisters and even mothers - come up to me during graduation and thank me for giving their sons an opportunity of a very positive place to go. And like I tell them, it's -- they do all the work. It's them. I'm just kind of there to kind of show them they have an opportunity and they are the ones that make the choice. Like Chuck said, there is nothing up there that we cannot do.

You brought up a good question about aren't we doing everything we can be doing. Where is that resistance coming from? And nobody can give a real answer about it, but it is there. Even in your numbers, you can see that. Everybody should be getting on board, and everybody should be supporting this. When that does happen, this program is only going to grow.

That he is all I have to say right now. You are changing lives and not just for people but for

families. And for the rest of their lives, their lives are going to be changed. They have no reason to turn back around.

CHAIR TRUJILLO: Any questions or comments for Mr. Martinez?

Thank you.

MEMBER WOODFORD: Thank you.

CHAIR TRUJILLO: Thank you, Mr. Martinez.

Before we go into adjournment, I'd just like to say I'm employed by the State Building Construction Trades Council of California. Before I was appointed to this Board, I went into the prisons under the Inmate Day Labor Program, and I would see the inmates doing the work. They were being trained by the craft people out of the trades. And I would leave my business card with that inmate and let him know when he got his release date to contact me and we would evaluate his training and put him into a craft that he had the experience in.

To me what that meant was that here we have inmates who have made a bad choices. I have made bad choices in my life. I am sure other folks have made bad choices. I never had to pay for the bad choices I committed. But what we do is you instill dignity and a career to an inmate who has actually

nothing to look forward to when he is leaving incarceration. By giving him a career like this, it gives him the power to buy a home. He has dignity. He can send his kids maybe to college. They can buy a new car, if that's what they're wanting. They want the same things that everybody that is out of prison and is organized, work is organized labor, want. And to me, being appointed to this Board has been a tremendous value to me to try to implement some of these programs.

And, Mr. Pattillo, I can't tell you enough what these programs that you have created for these inmates has done. It is changing lives. I had numerous inmates contact me. We are able to put them successfully in programs with trades. I know that the Ironworkers, for instance - I'm, an ironworker by trade - took in six or eight, and these folks are now journeymen. I think there was one women. These people are productive citizens. And so I'm proud to be on this Board trying to make a difference for the people who have made bad decisions.

I want to thank you, everybody, for your testimony. The testimony received will be considered by the full Board at the next board

meeting, Friday, November the 16th at 10:00 a.m., here at the Board of Parole Hearings.

And before we adjourn, are there any comments from the Committee?

MEMBER WOODFORD: I want to thank everybody for their testimony. I really hope that we will make a very thoughtful decision about this going forward and really make another effort to work with the Department of Corrections. And that's my hope.

CHAIR TRUJILLO: Thank you, Ms. Woodford.

This meeting is adjourned at 10:58.

(Hearing concluded at 10:58 a.m.)

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## REPORTER'S CERTIFICATE

STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

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) SS.

I, ESTHER F. SCHWARTZ, certify that I was the official Court Reporter for the proceedings named herein, and that as such reporter, I reported in verbatim shorthand writing those proceedings;

That I thereafter caused my shorthand writing to be reduced to printed format, and the pages numbered 2 through 49 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 10th day of November, 2012.

ESTHER F. SCHWARTZ CSR NO. 1564